Financial Analysis of Performance of Public and Private Sector Banks in Rajasthan: A comparative study of State Bank of Bikaner and Jaipur, Bank of Baroda and HDFC Bank

A

SYNOPSIS SUBMITTED FOR THE DEGREE OF

DOCTOR OF PHILOSOPHY

IN

COMMERCE

DEPARTMENT OF EAFM

MAHARSHI DAYANAND SARASWATI UNIVERSITY

AJMER

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Under the supervision of

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MAHARSHI DAYANAND SARASWATI UNIVERSITY, AJMER

APPENDIX- IV

FORMAT FOR OUTLINE OF PROPOSED RESEARCH WORK

1. **Name of Scholar (In English)** : Shweta Sharma

   (In Hindi) : श्वेता शर्मा

2. **Title of Research Work** : Financial Analysis of Performance of Public and Private Sector Banks in Rajasthan: A comparative study of State Bank of Bikaner and Jaipur, Bank of Baroda and HDFC Bank

   (In Hindi) : राजस्थान में सार्वजनिक एवम् निजी क्षेत्र के बैकों के निष्पादन का वित्तीय विश्लेषण : स्टेट बैंक ऑफ बीकानेर एण्ड जयपुर, बैंक ऑफ बडौदा व एच. डी. एफ. सी. बैकों का तुलनात्मक अध्ययन

3. Location

a. Institution / Department where the work is to be done.
b. Geographical area of investigation: If any
2. Importance of proposed Investigation.
3. Review of work already done on the subject of proposed research study.
4. Research gaps identified in the proposed field of investigation.
5. Objectives.
6. Major Hypothesis, If any
7. Materials and methods/Research methodology.
8. Chapter wise details of proposed research:
9. Bibliography

Outline Approved

21.5.15

Name and signature of supervisor
With date and seal

Lecturer
S.D. Govt. College
Beawar 305 901(Raj)

Shweta Sharma 21/5/15

Signature of
Candidate with date

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3. LOCATION:

(a) Department of Commerce, S.D. Government College, Beawar

(b) Geographical area of investigation: NA

4. IMPORTANCE OF PROPOSED INVESTIGATION.

India is having great and prosperous history from ancient time for the culture and economy for both the concerns and was designated as the "Golden Bird". Previously business was on the give and take basis means for the variety of services or articles payment was made by another article or services. The money market is not clearly defined and thus currency system was evolved. Now a day, India is having clearly defined currency and economic system. The money market is characterized by the existence of both the organized and the unorganized segments. Institutions of organized money market like commercial banks, commercial co-operative banks, private sector banks etc. have been in existence for the past several decades and have grown significantly and are playing an increasingly important role.

Finance is an important and necessary factor for the economic growth and development of the country. This role is become more crucial in the case of developing country like India, because the economy is in the phase of development and there are great possibilities to improve and reconstruct the available economic system.

Commercial banks play a role as financial intermediaries, i.e. intermediaries of saving and investment. Savings intermediations are a process by which flow of savings of the community is allocated to finance investment in the economy.

Banking sector is the kingpin of the economic progress for the developing countries. The banking system occupies an important role in a nation's economy. A banking institution is indispensable in a modern society. It plays a pivotal role in the economic development of a country and forms the core of the money market in a developing country. The importance of commercial banks in the process of economic development has been recognized by all. The role becomes more important in planned or developing economies, like India.

Notwithstanding the development of various types of banks, Indian banking sector is yet to meet the desired banking penetration and inclusion as witnessed in most advanced and some of the emerging economies.

5. REVIEW OF LITRETURE

India has a large bank-dominated financial system. The banking system in India is the most extensive. The total asset value of the entire banking sector in India is nearly US$ 270 billion. The total deposits are nearly US$ 220 billion. Banking sector in India has been transformed completely. Presently the latest inclusions such as Internet banking and Core banking have made banking

operations more users friendly and easy (Austin, 1999; Cooke, 1863; Parmatam and Tandon, 2003).

The demand for banking services varies across economies and is dependent on economic, demographic and geographic features of each country (Jaffe and Levonian, 2001). The factors that influence organizations to change their performance and the responses as per the demands made on them was analyzed by the DiMaggio and Powell (1983). Claessens *et al.*, (2000) claimed that being open to new entry is the most important competitive pressure in a system. Thus, the competitive environment among public sector and private sector bank can be considered as enhancement or improvement in banking system in developing countries such as India.

Banking system has grown significantly in last few decades and still there is great possibility to improve it. The banking system which constitutes the core of the financial sector plays a critical role in transmitting monetary policy impulses to the entire economic system (Kaur, 2010).

Banking industry is like the blood vascular system of our economy which circulates the money in a programmed manner which is essential for the proper management of the market and economy. The performance of banks is completely linked to the growth of the economy, while the nature and quantum of growth is, in turn, linked to the availability of bank credit (Uppal, 2006).

The structure of the Indian economy and banking system has undergone numerous changes since independence. Two major phases of nationalization (1969 and 1980), i.e. introduction of Regional Rural Banks in 1975, and permission to New Private Sector Banks and set-up operations since 1993-94 was taking place for the betterment of the financial system (Debasish and Mishra, 2005).

Acceptance of deposits and lending of funds were identified as the two major important functions of commercial banks emerge from the definition: "For centuries, banks have borrowed and lent money to business, trade and people, charging interest on loans and paying interest on deposits". These two functions are the core activities of banking (Hussain, 1986). Bankers are regarded as public conservators of commercial virtues. Thus, the growth of an economy rests highly on an efficient banking system (Bansal, 2010).

Indian commercial banks comprise of various types of entities, liabilities and functions. These commercial banks were classified on the basis of their functions that they perform (Austin, 1999; Cooke, 1863; Parmatam and Tandon, 2003).

SCHEDULED COMMERCIAL BANKS Scheduled commercial banks are those which have been included in the Second Schedule of the Reserve Bank of India Act, 1934. In terms of ownership and function, commercial banks can be classified into four groups: public sector banks, private sector banks, foreign banks in India and regional rural banks. There are 25 public sector banks, 21 private sector banks and 36 foreign banks as on March 2011.

Public Sector Banks Public sector banks are the banks in which the government has a major holding. These can be classified into two groups: State Bank of India and its associates; and nationalized banks. The nationalized banks are a dominant segment in commercial banking. The bulk of the banking business in the country is in the public sector. Public sector banks have expanded their branch network and catered to the socio-economic needs of a large mass of the population, especially the weaker section and in the rural areas (Debasish and Mishra, 2005).

- **State Bank of India and its associates:** State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore.
- **Nationalized Banks:** Allahabad Bank, Indian Overseas Bank, Andhra Bank, Oriental Bank of Commerce, Bank of Baroda, Punjab National Bank, Bank of India, Punjab & Sind Bank, Bank of Maharashtra, Syndicate Bank, Canara Bank, Union Bank of India, Central Bank of India, United Bank of India, Corporation Bank, UCO Bank, Dena Bank, Vijaya Bank, Indian Bank, IDBI Bank and other public sector banks.

Private Sector Banks: ING Vysya Bank, Jammu & Kashmir Bank, Karnataka Bank, South Indian Bank, Tamilnad Mercantile Bank, Axis Bank, HDFC Bank, ICICI Bank, IndusInd Bank, Kotak Mahindra Bank, Yes Bank etc.

Banks are directly or indirectly linked to the growth of the economy of country, while the nature and quantum of growth is, in turn, linked to the availability of bank credits (Uppal, 2006).

Broadly over the years, the performance of public sector banks has converged with that of new private sector and foreign banks. Even, more importantly, contrary to popular perception, there is also no significant relationship between ownership and efficiency - the most efficient banks straddle all three segments public sector banks, private sector banks and foreign banks (Sinha, 2012; Subbarao, 2011a and 2011b).

The predominance of government owned banks in India has contributed to financial stability in the country. Even the deterioration in bank financials does not lead to erosion of consumer confidence in such banks. This kind of consumer confidence does not extend to private sector banks (Mohan, 2006).

6. RESEARCH GAPS IDENTIFIED IN THE PROPOSED FIELD OF INVESTIGATION.

In recent scenario banking is becoming multi-product industry and they provide a variety of services at the various levels. In the case of commercial banks, the measurement of performance is relatively more complex because of the increasing complexity of modern banking system operations and growing involvement of banks in various types of specialized fields of lending and services. Thus the present study is an approach to clarify the recent scenario about the customer trends about the Indian banking system.

7. OBJECTIVES:

For the fulfillment of these research gaps the present study will be undertaking with the following objective:

- To compare of financial analysis for performance of Public sector banks (State Bank of Bikaner & Jaipur and Bank of Baroda) and Private Sector Bank (HDFC).
- To assess of recent government policies on the public sector banks and their impact on private sector banks.
- To evaluate the impacts of these issues on the customer satisfaction

8. MAJOR HYPOTHESIS:

Recent government policies are having influence on the working environment of public sector banks. It is hypothesized that these policies negatively impacted the financial as well as working efficiency of public sector banks that shifts the customer trend towards the private sector banks due to the better working efficiency and enhanced facilities and customer satisfaction.

9. RESEARCH METHODOLOGY

The present study is mainly focused on the basis of secondary data which shall be collected from various sources such as Statistical Tables relating to Banks on India, Trends and Progress of Banks in India, RBI Monthly Bulletin published by RBI, IBA Bulletins published by IBA, and annual reports of banks.

The primary data is based on well-structured and pre-tested questionnaire, targeted to customer and employees of the selected both the public and private sector banks about the performance of these banks and impacts of various governmental policies. The questionnaire shall be developed after reviewing the existing literature.

Expected duration of proposed Research work

The proposed research work will be completed in two year. The year wise details are as follow:

During I year:

- Collection of the various financial performances from the annual reports of the selected banks.
- Analysis of the impacts of government policies.
- To obtain the data pertaining to the objective.

During II year:

- Analysis of the collected data.
- Preparation for presentation (graphs, tables, figures and photographs).
- Compilation of the work and preparation of the thesis.

10. CHAPTER WISE DETAIL OF PROPOSED RESEARCH

The chapters of the thesis are proposed as follows:

1 **Introduction**: This chapter will be covered the view points about the research problem and details about the importance of the proposed research work:

- Importance of banking system in economy of India in Rajasthan
- Financial status and working efficiency about the selected banks in Rajasthan (State Bank of Bikaner and Jaipur, Bank of Baroda and HDFC Bank)
- Recent governmental policies and their role and impacts

2 **Review of literature**: This chapter includes the recent literature regarding the various banks depending on published literature and annual reports of selected banks, bulletin and reports of Reserve Bank of India and leading commercial and financial institutions etc.

3 **Material and Methods**: This chapter includes the primary data based on pre tested questioner as well as secondary data (annual reports and financial statements of various banks). The details about the various statistical tools going to be used for the proposed research work such as mean, SD, Co-relation, regression, ratio analysis, fund flow analysis, cash flow analysis etc.

4 **Result and Discussion**: This chapter will be including the result regarding the selected objectives. The major results were selectively tabulated as well graphical representations will be done. The results will be discussed in the light of recent reviews. The hypothesis will be discussed.

5 **Conclusion and Suggestions**: This chapter will be including the key points as conclusion. The concluding points are regarding the objectives and hypothesis.

6 **Summary**: The summary of study will be mentioned in this chapter

Bibliography: The reference will be mentioned on the cross check basis with the literature.

Facilities available of the work:

All the necessary research facilities required for the proposed study are available at the Department of EAFM, S.D. Government College, Beawar.

21.5.15

Signature

Lecturer
S.D. Govt. College
BEAWAR 305 901(Raj.)

Head Department of EAFM

S.D. Government College, Beawar

Bibliography:

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MAHARSHI DAYANAND SARASWATI UNIVERSITY, AJMER

Appendix-VI

Certificate by Supervisor

Certified that:

1 I am willing to guide the research of Ms. SHWETA SHARMA on the above subject if she registered for Ph.D.

2 To the best of my knowledge, the subject selected has not been studied and is not being studied so far in any University.

3 The subject is of sufficient scope to keep the candidate engaged for two year.

4 The subject will lead to a valuable contribution. I have seen and approved the outline and bibliography, etc. submitted by the candidate.

5 Necessary facilities are available in the department for the above research work, (certificate from principal/head university department with regards to facilities available is enclosed.)

6 I have...**SIX**.....Research candidate registered under my supervision and the serial number of this candidate whose application being forwarded for registration is.....-----.....

7 The candidate is not in a close relation (the term of close relation is defined in the examination ordinance of the University).

21.5.15

Signature of the supervisor with date

Lecturer
S.D. Govt. College
BEAWAR 305 901(Raj)

CERTIFICATE

Certified that the available facilities will be extended to Ms. Shweta Sharma for research work if he registered for Ph.D.

Signature of the Principal/

Director of the Institution

with date

21.5.15

Signature of the Head

Lecturer
S.D. Govt. College
BEAWAR 305 901(Raj)

Department with date